

Message Text

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TAGS: AORG, UNESCO

SUBJECT: UNESCO: GENEVA GROUP MEETING FEBRUARY 3
REFS: (A) STATE 13384; (B) PARIS 2125; (C) PARIS 2149

1. DEPT CANNOT REPEAT NOT ACCEPT A 1979-1980 BUDGET LEVEL
OF DOLS. 270 MILLION BASED ON 4.90 FF AS PROPOSED REF. B.
THIS WOULD REPRESENT AN OPEN INVITATION TO THE DG, IF HE
WERE TO ACCEPT THIS LEVEL INITIALLY, TO SEEK EVENTUALLY AN
EVEN HIGHER BUDGET LEVEL, SINCE THE AVERAGE BIENNIAL RATE
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FOR THE DOLLAR WILL UNDOUBTEDLY BE LESS THAN 4.90 FF.
MOREOVER, THIS FIGURE DOES NOT APPEAR TO REFLECT ANY
ATTEMPT TO LOCATE SAVINGS IN THE CURRENT BUDGET.

2. DEPT IS CONCERNED THAT SOME OF THE GG MEMBERS, AP-
ARENTLY IN SEEKING TO REACH A COMPROMISE WITH THE DG, HAVE
ARBITRARILY SETTLED ON DOLS. 270 MILLION BUDGET LEVEL

INSTEAD OF SEEKING TO IDENTIFY DEDUCTIONS FROM THE CURRENT BUDGET THAT WOULD HOLD DOWN THE 1979-1980 PROJECTION. THESE WERE SET FORTH IN THE GG BUDGET EXPERTS PAPER, STANDARD ANALYTICAL FRAMEWORK FOR PROGRAM BUDGET ANALYSIS. ALTHOUGH MEMBER STATES LACK SUFFICIENT DATA TO FULLY EMPLOY THIS ANALYSIS, DEPT, AS IT HAS INDICATED IN PREVIOUS CABLES, BELIEVES THAT, AT THE LEAST, A ROUGH ESTIMATE FOR NONRECURRING ITEMS SHOULD BE TAKEN INTO CONSIDERATION; AND IT HAS ESTIMATED THAT 5 PERCENT (DOLS.11.2 MILLION) OF THE CURRENT BUDGET WILL BE NONRECURRING.

3. IT IS APPARENT FROM THE FEW GRUDGING REVELATIONS OF SECRETARIAT OFFICIALS (I.E. THAT THERE WILL BE A LAPSE-FACTOR SAVINGS OF DOLS. 1.0 MILLION AND SAVINGS OF DOLS. 2 TO 3 MILLION RESULTING FROM DISCONTINUED PROGRAMS) THAT THE CURRENT BUDGET IS SUFFICIENTLY BLOATED TO PROVIDE AMPLE REAL PROGRAM GROWTH IN THE 1979-1980 BUDGET WITHOUT THE DOLS. 6 MILLION ADD-ON REVEALED BY THESE OFFICIALS.

4. IF DEPT WERE TO TAKE INTO ACCOUNT DOLS. 3.5 MILLION IN SAVINGS INDICATED BY SECRETARIAT OFFICIALS (PARA 3) AND ASSUME DOLS 11.2 MILLION IS NONRECURRING, NO NEW PROGRAM GROWTH, AND 4.70 FF TO THE DOLLAR, IT WOULD REVISE ITS 1979-1980 PROJECTION FROM DOLS 268.4 MILLION (REF. A) TO DOLS. 264.9 MILLION. THIS WOULD REPRESENT AN 18 PERCENT INCREASE OVER THE 1977-1978 BUDGET.
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5. BECAUSE OUR CALCULATIONS ARE NECESSARILY CRUDE, GIVEN THE LACK OF ADEQUATE DATA, THE DEPT IS WILLING TO INCLUDE THE SECRETARIAT'S ESTIMATE OF DOLS. 2.5 MILLION OF DISCONTINUED PROGRAMS IN THE DEPT'S ESTIMATE FOR NONRECURRING ITEMS. THUS, THE DEPT'S BUDGET PROJECTION FOR 1979-1980 IS DOLS. 263 MILLION, CALCULATED AT 4.80 FF, WHICH IS A MORE LIKELY BIENNIAL AVERAGE RATE THAN 4.70. ITS ESTIMATE IS DERIVED AS FOLLOWS:

1977-1978 APPROVED BUDGET	224.4
LESS--NONRECURRING ITEMS	11.2
--LAPSE-FACTOR SAVINGS	1.0 12.2
1977-1978 ADJUSTED BASE	212.2
INFLATION	42.1
DEVALUATION	4.4
MANDATORY INCREASES	4.3
1979-1980 BUDGET ESTIMATE	263.0

THIS BUDGET LEVEL REPRESENTS A 17 PERCENT INCREASE OVER THAT OF 1977-1978, AND IN DEPT'S VIEW INCLUDES ENOUGH SAVINGS (E.G. DOLS. 2.5 MILLION) TO PROVIDE FOR PROGRAM

GROWTH IN 1979-1980 WITHOUT THE NEED TO PROVIDE NEW FUNDS FOR THIS PURPOSE.

6. SECRETARIAT, IN ARRIVING AT ITS DOLS. 280 MILLION PROJECTION, APPARENTLY TOOK ONLY LAPSE-FACTOR SAVINGS INTO ACCOUNT IN CALCULATING ITS 1977-1978 ADJUSTED BASE. IT THEN ADDED TO THIS BASE INFLATION (42.1), DEVALUATION (4.4), MANDATORY INCREASES (4.3), AND NEW PROGRAM GROWTH (6.0). DEPT. ESTIMATES THAT, CALCULATED IN THIS MANNER, UNESCO WOULD ACTUALLY ACHIEVE A PROGRAM GROWTH OF BETWEEN 11 AND 13 PERCENT FOR THE BIENNIUM SINCE SECRETARIAT MADE NO DEDUCTIONS FOR NONRECURRING ITEMS AND DISCONTINUED PROGRAMS OR FOR ANY OF THE OTHER FACTORS MENTIONED IN THE GG BUDGET EXPERTS PAPER.
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7. DEPT. BELIEVES GG SHOULD TAKE A HARD LINE ON THE BUDGET, PARTICULARLY IN VIEW OF THE EVASIVENESS OF THE SECRETARIAT OFFICIALS AND THEIR APPARENT UNWILLINGNESS TO TAKE SAVINGS IN THE CURRENT BUDGET INTO ACCOUNT WHEN PROJECTING THE 1979-1980 BUDGET. (THE INFERENCE TO BE DRAWN IS THAT THERE ARE MORE SAVINGS IN THE CURRENT BUDGET THAN HAVE BEEN ACKNOWLEDGED.) WHILE DEPT'S PROJECTION MAY LACK REFINEMENT, WE HAVE NOT SEEN ANY OTHER GG MEMBER'S PROJECTION THAT IS MORE REFINED OR MORE CONVINCING. UNTIL WE DO, DEPT. WILL STAND FIRM ON ITS ESTIMATE OF DOLS. 263 MILLION SET FORTH PARA 5.

8. DEPT. AGREES THAT DISCUSSIONS WITH THE CHAIRMEN OF THE OTHER REGIONAL GROUPS RE GG'S BUDGETARY CONCERNS WOULD BE USEFUL. REMARKS WOULD HAVE TO BE CAREFULLY TAILORED FOR EACH IN ORDER TO WIN THEIR SUPPORT FOR RESTRAINT. DEPT. ALSO BELIEVES IT WOULD BE USEFUL FOR PERM REP TO DISCUSS GG'S CONCERNS WITH USSR, WHICH HAS TAKEN STRONG STAND AGAINST UNRESTRAINED BUDGET GROWTH IN THE UN AND ELSEWHERE. EMPHASIS SHOULD BE PLACED ON FAILURE OF SECRETARIAT TO TAKE INTO ACCOUNT SAVINGS IN CURRENT BUDGET WHEN PROJECTING NEXT BIENNIAL BUDGET AND THE NEED OF MEMBER STATES FOR MORE INFORMATION (SUCH AS A LISTING OF DISCONTINUED PROGRAMS WITH AMOUNTS) TO HELP THEM IN THEIR BUDGET ANALYSES. INDIVIDUAL DISCUSSIONS WITH SOME OF THE LARGER CONTRIBUTORS IN THE OTHER REGIONAL GROUPS WOULD ALSO BE USEFUL. VANCE

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